

ePlus inc.
Investor Presentation
November 2019

Safe Harbor Statement

Statements in this presentation that are not historical facts may be deemed to be "forward-looking statements." Actual and anticipated future results may vary materially due to certain risks and uncertainties, including, without limitation, possible adverse effects resulting from national and international political instability fostering uncertainty and volatility in the global economy including exposure to fluctuations in foreign currency rates, interest rates, and downward pressure on prices; reduction of vendor incentive programs; restrictions on our access to capital necessary to fund our operations; significant adverse changes in, reductions in, or losses of relationships with our largest volume customer or one or more of our large volume customers or vendors; our ability to implement comprehensive plans for the integration of sales forces, cost containment, asset rationalization, systems integration and other key strategies; our ability to secure our own and our customers' electronic and other confidential information and remain secure during a cyber-security attack; changes to our senior management team and/or failure to successfully implement succession plans; disruptions or a security breach in our or our vendors' IT systems and data and audio communications networks; the possibility of additional goodwill impairment charges; the demand for and acceptance of, our products and services; our ability to adapt our services to meet changes in market developments; our ability to adapt to changes in the IT industry and/or rapid changes in product offerings, including the proliferation of the cloud, infrastructure as a service and software as a service; maintaining and increasing advanced professional services by recruiting and retaining highly skilled, competent personnel, and vendor certifications; our ability to realize our investment in leased equipment; reliance on third-parties to perform some of our service obligations to our customers; our ability to protect our intellectual property; our ability to successfully perform due diligence and integrate acquired businesses; the creditworthiness of our customers; our ability to raise capital and obtain non-recourse financing for our transactions; our ability to reserve adequately for credit losses; the impact of competition in our markets; our failure to comply with public sector contracts or applicable laws or regulations; and other risks or uncertainties detailed in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2019 and other periodic filings with the Securities and Exchange Commission and available at the SEC's website at <http://www.sec.gov>.

We wish to caution you that these factors could affect our financial performance and could cause actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements. All information set forth in this presentation is current as of the date of this presentation and ePlus undertakes no duty or obligation to update this information.



Mark Marron

Chief Executive Officer

ePlus at a Glance

- + Leading provider of technology solutions focused on cloud, security, and digital infrastructure
- + Technology partners include Cisco, Dell Technologies, HPE, NetApp, Palo Alto Networks and VMware
- + FY19 adjusted gross billings: \$1.9 billion
 - 7% CAGR FY15-FY19
- + FY19 net sales: \$1.4 billion
 - 5% CAGR FY15-FY19
- + FY19 services revenue: \$149 million
 - 24% CAGR FY17-FY19
- + FY19 EPS: \$4.65
 - 11% CAGR FY15-FY19
- + Headquarters: Herndon, Virginia
- + Presence in 40+ office locations in the U.S., Europe, and Asia-Pac
- + 1,629 employees as of September 30, 2019

PLUS
Nasdaq Listed



Experienced Leadership Team



**Mark
Marron**

Chief Executive Officer
Joined ePlus in 2005
30+ Years of Experience



**Elaine
Marion**

Chief Financial Officer
Joined ePlus in 1998
25+ Years of Experience



**Darren
Raiguel**

Chief Operating Officer,
President of ePlus
Technology, inc.
Joined ePlus in 1997
25+ Years of Experience



**Dan
Farrell**

Senior Vice President,
National Professional
Services
Joined ePlus in 2010
30+ Years of Experience



**Kley
Parkhurst**

Senior Vice President,
Corporate Development
Joined ePlus in 1991
30+ Years of Experience



**Erica
Stoecker**

General Counsel
Joined ePlus in 2001
20+ Years of Experience



**Doug
King**

Chief Information Officer
Joined ePlus in 2018
20+ Years of Experience



**Steve
Mencarini**

Senior Vice President,
Business Operations
Joined ePlus in 1997
35+ Years of Experience



**Ken
Farber**

President,
ePlus Software, LLC
Joined ePlus in 2001
30+ Years of Experience

Well Positioned within the IT Ecosystem

Our range of complex solutions and services places us in high end of the IT market



Expanding Footprint

Resources to implement locally and globally



● REGIONAL OFFICE ● SALES OFFICES ● MANAGED SERVICES CENTERS ● INTEGRATION CENTERS

- 40+ locations serving the U.S., Europe, and Asia-Pac
- 24/7 365 managed services operations and integration centers strategically placed throughout the U.S.
- 650+ technical and support resources certified by the top IT manufacturers in the world

Targeted M&A Strategy with Track Record of Success



- + August 2019
- + Southern and Western Virginia
- + New customers, SLED focus, and managed services



- + December 2016 (division of CCI)
- + Minneapolis, MN Cisco VAR
- + New geography and customers



- + January 2019
- + Southern and central Virginia
- + Security managed services and consulting, helpdesk, staffing; new customers



- + December 2015
- + UK location to serve UK and global customers
- + Expand security offerings



- + September 2017
- + Chicago and Indianapolis data centers
- + New geography and customers



- + August 2014
- + Sacramento, CA Cisco VAR, largest Cisco VAR to State
- + Grow western SLED business

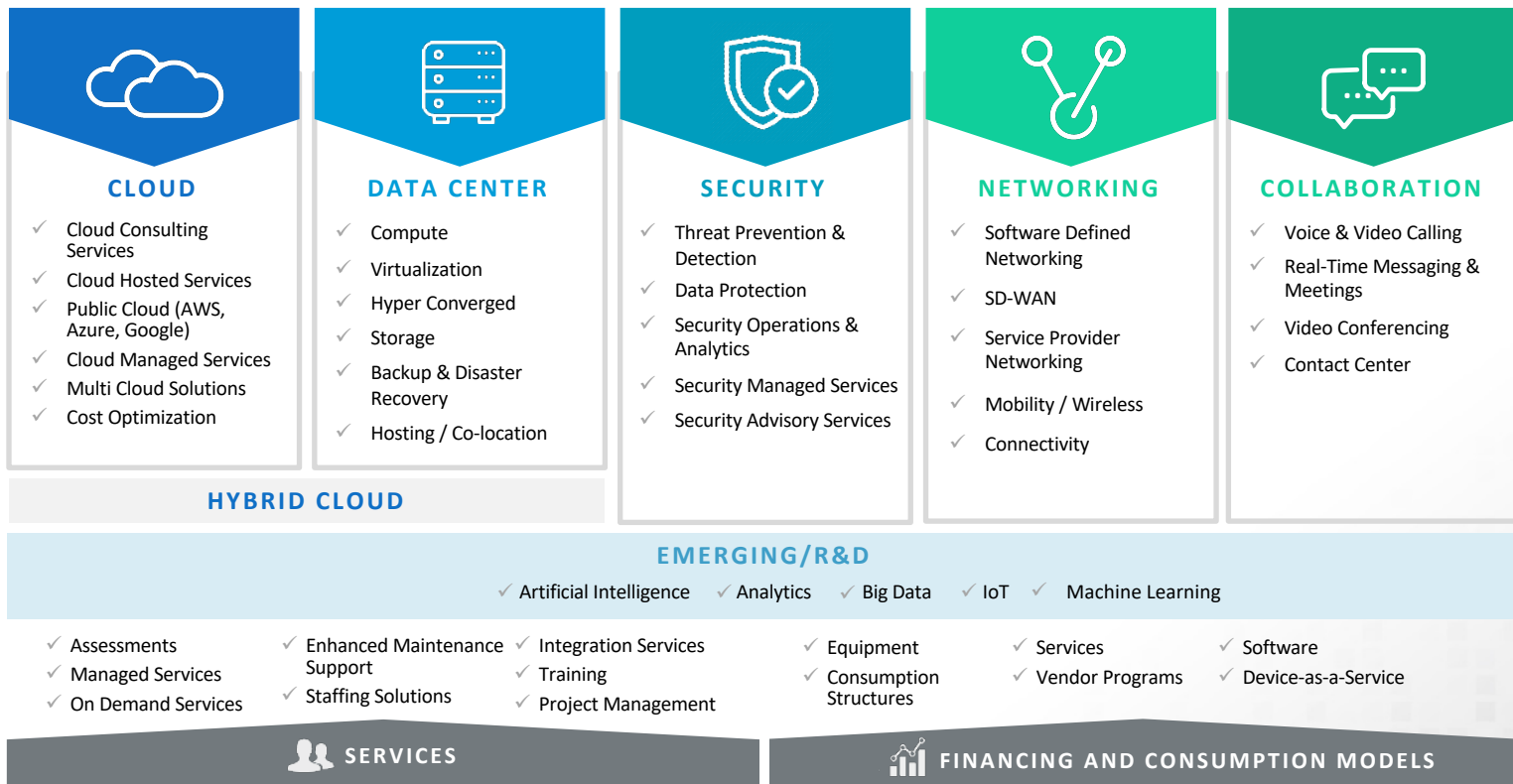


- + May 2017
- + Cloud-based services, solutions and DevOps
- + Offices in Milpitas, CA and India



- + November 2013
- + Rochester area reseller with storage expertise
- + Strengthened position as leading US FlexPod reseller






ePlus Solution Areas



Independent Provider with Deep Strategic Relationships



SELECTED STRATEGIC PARTNERS

-  + Excellent channel partner for ePlus, representing 42% of technology segment net sales¹
- + All core products plus data center, security, lifecycle services, and Cisco One/software
- + ePlus holds over 600 active certifications in Cisco technologies
-  + Converged infrastructure, enterprise storage, networking and virtualization
- + Cloud, server and storage solutions
-  + NetApp Star Partner and Professional Services Partner
- + Network storage (including All Flash Data Storage arrays) and services focused applications, file server consolidation, private and public cloud
-  + ePlus professionals maintain a variety of Dell Technologies engineering certifications
- + Networking storage and services
-  + Virtual infrastructure solutions



EMERGING VENDORS

SECURITY



CLOUD/BACKUP

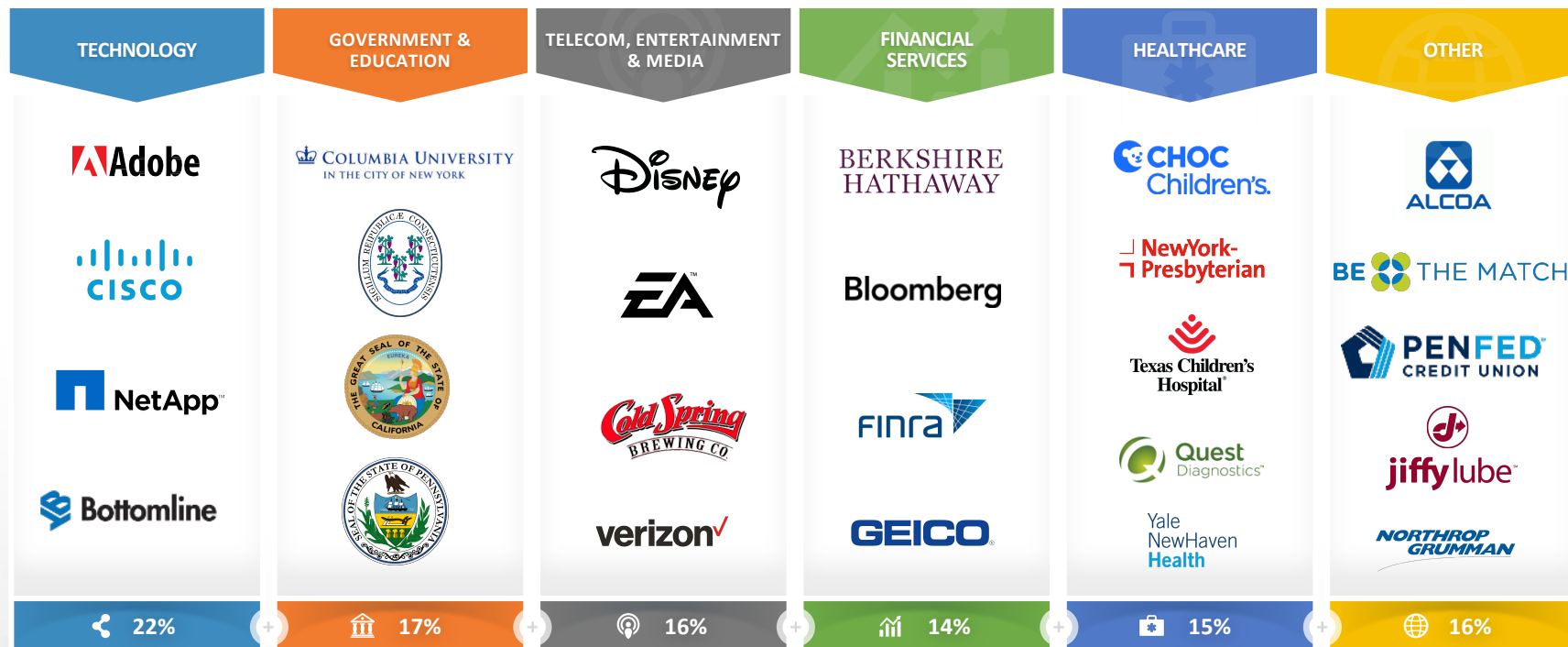


DIGITAL INFRASTRUCTURE
AI & ANALYTICS



¹Based on the year ended March 31, 2019

Broad and Diverse Customer Base



Percentages are based on net sales from trailing twelve-months Q2 FY20.

A Commitment to Corporate Social Responsibility



Why ePlus

Technology evolves quickly, and every new development exposes our customers to new opportunities and new challenges. ePlus is the partner that can help them navigate with confidence and agility.



“Do what it takes” dedication

Long-term view and enduring commitment extending well beyond the transaction



Industry-leading consultative expertise

Capability to help customers better understand their evolving business environment



Comprehensive offerings

Transformative technology solutions designed to deliver measurable business outcomes



Proven processes & methodologies

Up-front assessments, followed by design and architecture, deployment and implementation, managed services, professional services, and staffing



Highly-accessible, consumption- based solutions

Enable future success and better position our customers for tomorrow's needs



Elaine Marion

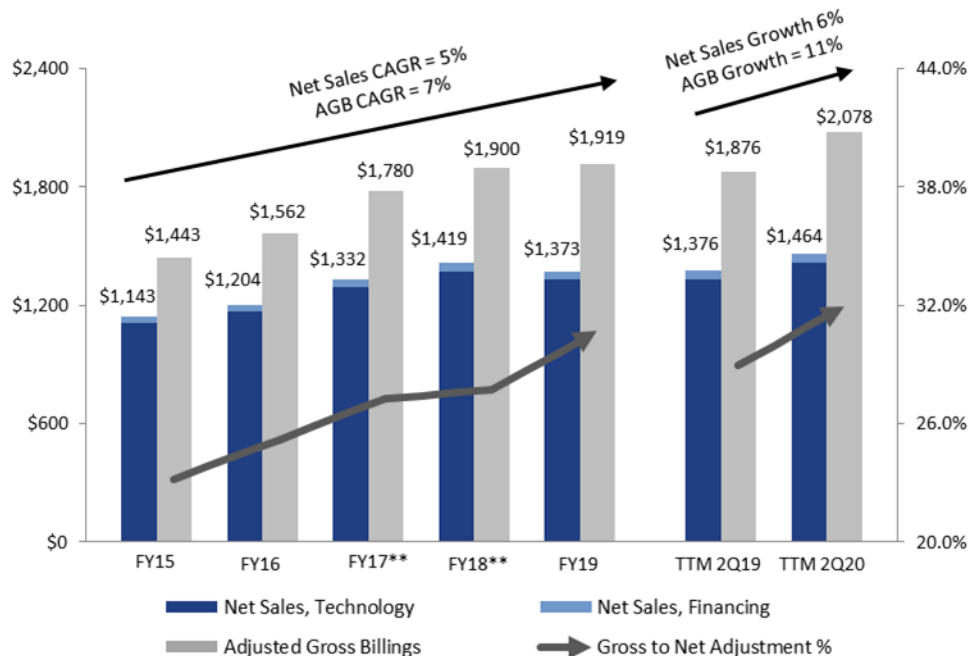
Chief Financial Officer

Strong Financial Results

- Operations are conducted through two segments. The technology segment sells information technology products, software and services, while the financing segment provides lease and financing solutions.
- The majority of our net sales are derived from our technology segment, representing 97% of revenues in FY19.
- From FY15 to FY19, adjusted gross billings and net sales have increased at a compound annual rate of 7% and 5%, respectively, as the gross to net adjustment has increased from 23.2% to 30.7% of the adjusted gross billings.

FYE March 31 / Trailing twelve months ended September 30, unaudited

Net Sales and Adjusted Gross Billings * (\$mm)



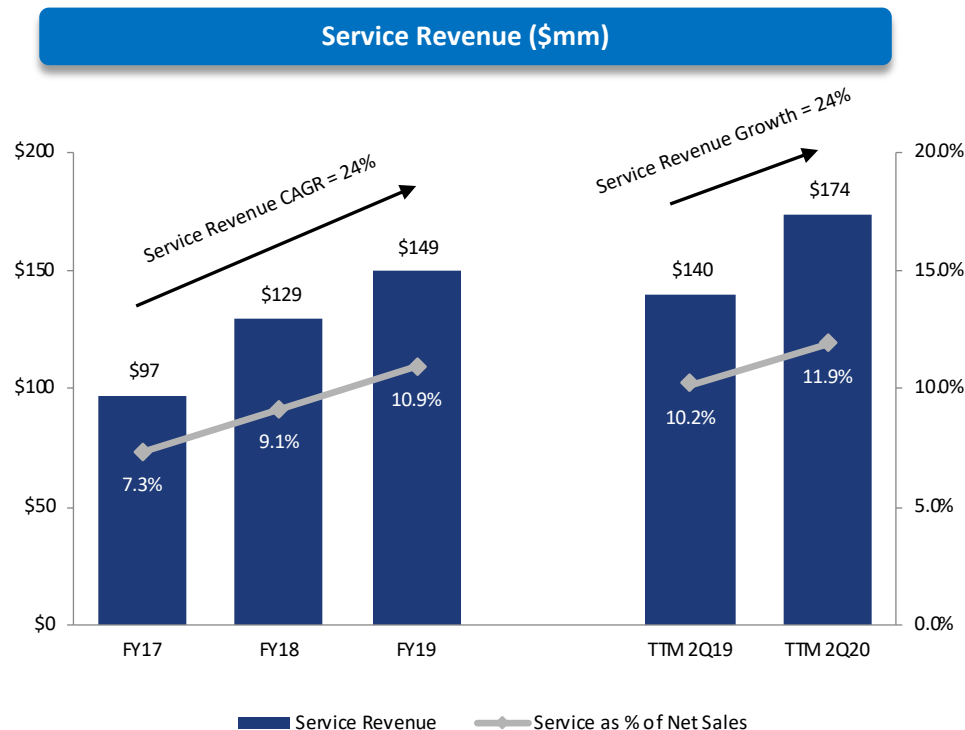
* See Non-GAAP Financial Information

** Amounts for FY18 and FY17 have been adjusted to reflect the adoption of Topic 606.

Strong Financial Results

- + Service revenue includes professional services, managed services, and staffing services.
- + From FY17 to FY19, service revenue has increased at a compound annual rate of 24%.
- + Service revenue as a percentage of net sales grew from 7.3% in FY17 to 10.9% in FY19.

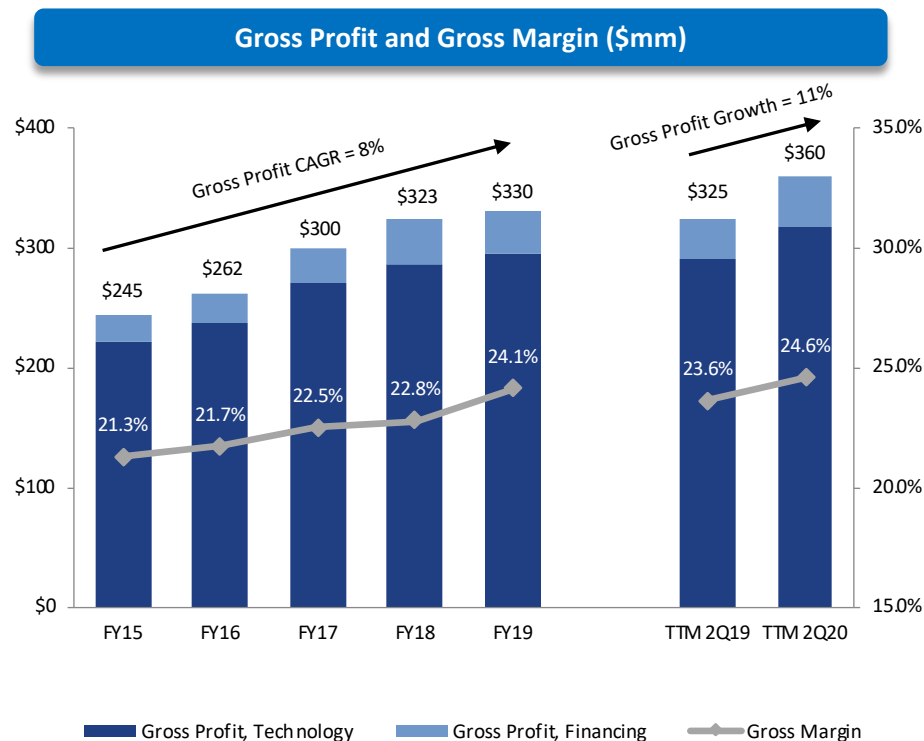
FYE March 31 / Trailing twelve months ended September 30, unaudited



Strong Financial Results

FYE March 31 / Trailing twelve months ended September 30, unaudited

- + Consolidated gross profit increased at a compounded annual rate of 8% from FY15 to FY19, driven by our technology segment, which represented 89% of our total gross profit in FY19.
- + Consolidated gross margin has increased from 21.3% in FY15 to 24.1% in FY19.
- + Technology segment gross margin has increased from 19.9% in FY15 to 22.2% in FY19, as services capabilities continued to expand.

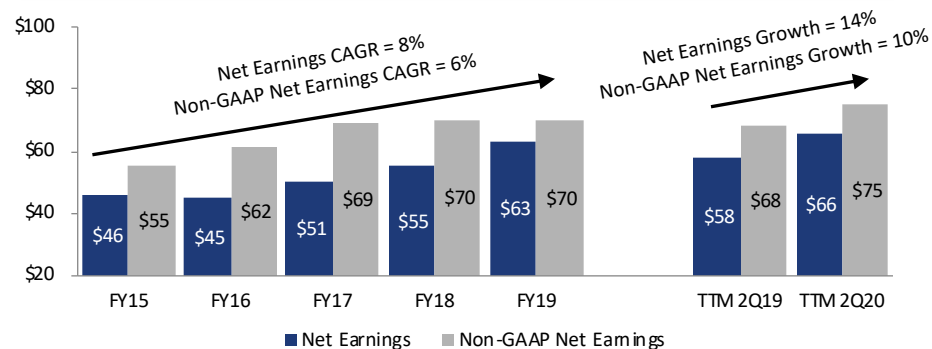


Strong Financial Results

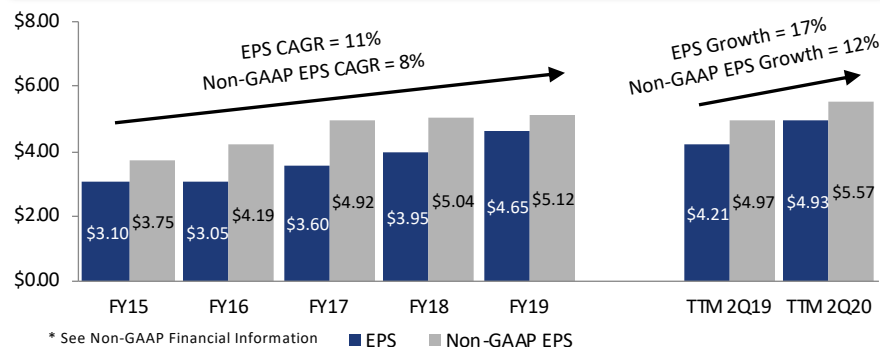
- + From FY15 to FY19, net earnings increased at a compounded annual rate of 8% as a result of focusing on revenue and gross profit growth.
- + EPS and non-GAAP EPS CAGR were 11% and 8%, respectively, from FY15 to FY19.
- + Non-GAAP EPS excluded other income (expense), share based compensation, and acquisition and integration expenses, and the related tax effects; and the tax (benefit) expense due to the re-measurement of our deferred tax assets and liabilities at the new U.S. tax rate, and an adjustment to our tax expense in FY15 through FY18 assuming a 21% U.S. federal statutory income tax rate for U.S. operations.

FYE March 31 / Trailing twelve months ended September 30, unaudited

Net Earnings and Non-GAAP Net Earnings * (\$mm)



EPS and Non-GAAP EPS *

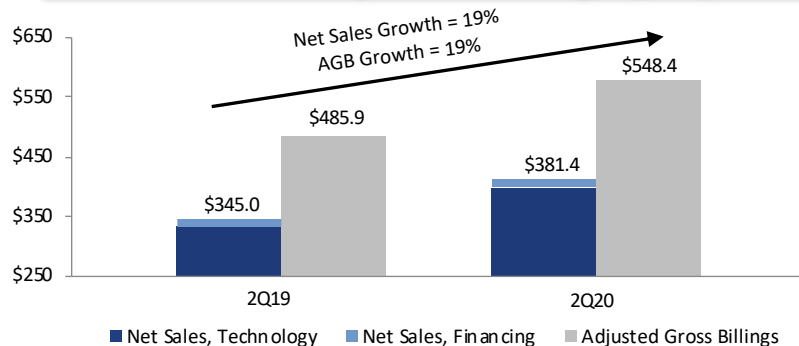


* See Non-GAAP Financial Information

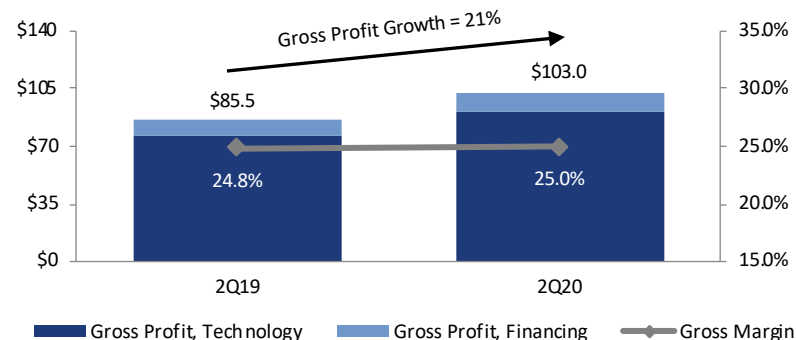
Q2 FY20 Financial Results



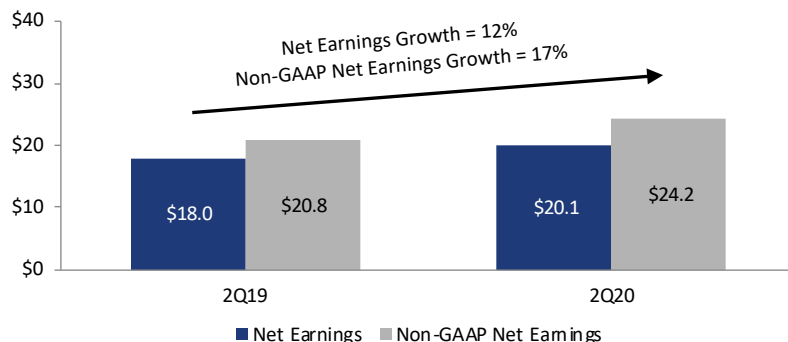
Net Sales and Adjusted Gross Billings * (\$mm)



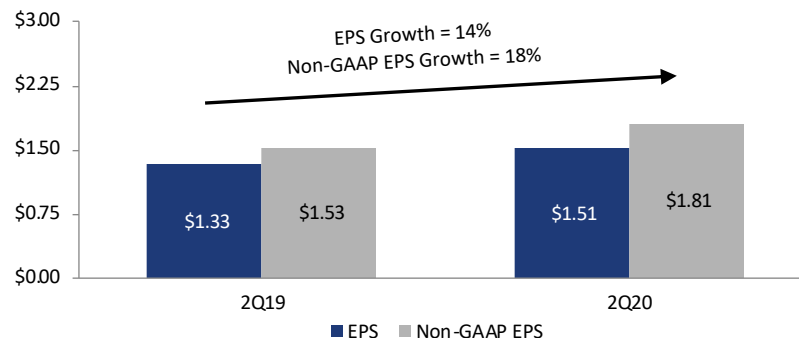
Gross Profit and Gross Margin (\$mm)



Net Earnings and Non-GAAP Net Earnings * (\$mm)



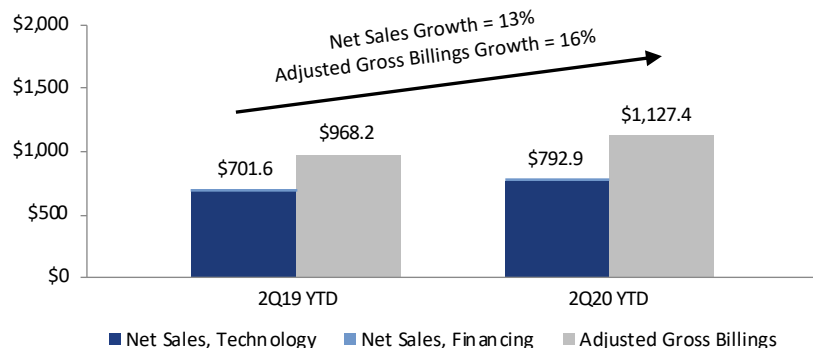
EPS and Non-GAAP EPS *



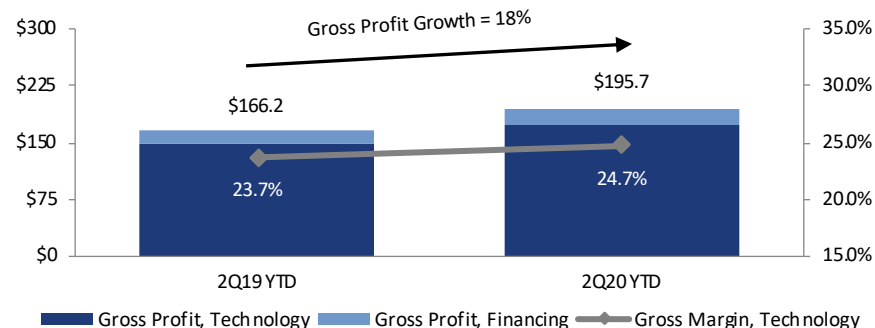
Q2 FY20 YTD Financial Results



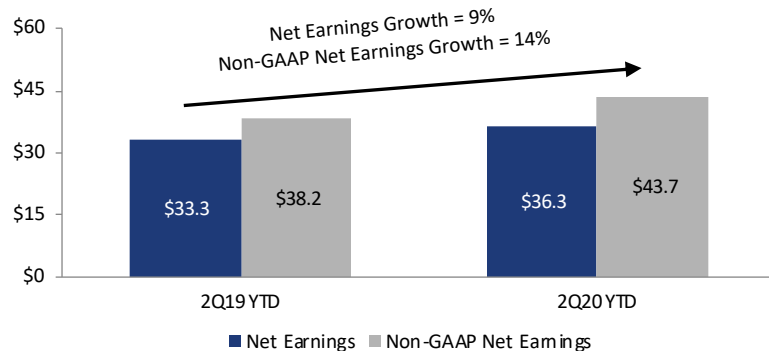
Net Sales and Adjusted Gross Billings * (\$mm)



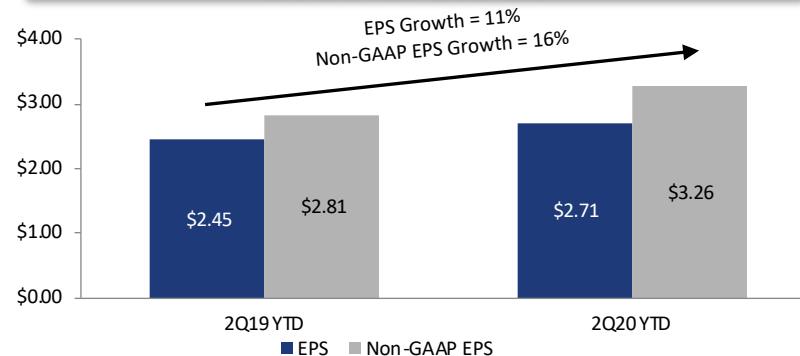
Gross Profit and Gross Margin (\$mm)



Net Earnings and Non-GAAP Net Earnings * (\$mm)

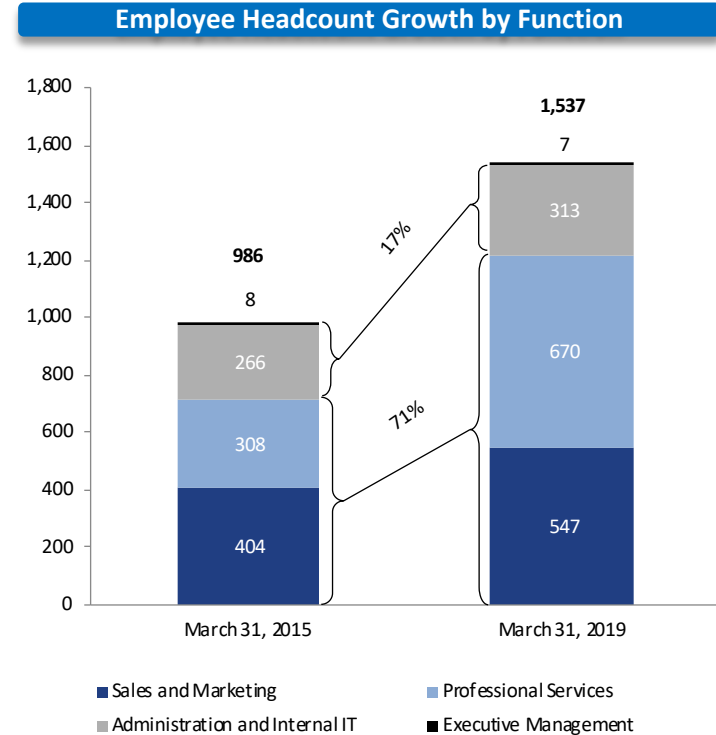


EPS and Non-GAAP EPS *



Growing Customer Facing Personnel

- + Acquiring consultative sales professionals to bring successful business outcomes to our customers.
- + Focused on growing engineering talent in cloud, security, and digital infrastructure.
- + Leveraging our operational infrastructure as we expand.



Strong Balance Sheet

- + \$56 million in cash and equivalents as a result of the change in working capital and repurchases of our common stock
- + \$325 million financing facility with Wells Fargo Commercial Distribution Finance, LLC
- + Financing portfolio of \$188 million, representing investments in leases and notes
- + Portfolio monetization can be utilized to raise additional cash
- + ROIC 11.5% for the twelve months ended September 30, 2019 ¹

\$ in millions

	September 30, 2019	March 31, 2019
Assets		
Cash and equivalents	\$ 56	\$ 80
Accounts receivable	394	342
Inventory	57	50
Financing investments	188	123
Goodwill & other intangibles	158	150
Property & equipment, deferred costs and other	61	41
Total assets	\$ 914	\$ 786
Liabilities		
Accounts payable	\$ 237	\$ 203
Non-recourse notes payable	86	49
Other liabilities	141	110
Total liabilities	\$ 464	\$ 362
Shareholders' Equity		
Equity	450	424
Total liabilities & equity	\$ 914	\$ 786

¹ See details in Appendix – Return on Invested Capital

Customized Solutions. Measurable Results.

Positioned squarely at the forefront of today's most transformative technologies, ePlus' solutions, services, and financing expertise help organizations imagine, implement, and achieve more from technology.

Q & A



Cloud



Data Center



Security



Networking



Collaboration



Emerging



Services



Financial and Consumption Models

Appendix

Non-GAAP Financial Information

\$ in thousands

	Year Ended March 31,					TTM Ended September 30,	
	2019	2018	2017	2016	2015	2019	2018
Technology segment net sales [1]	\$ 1,329,520	\$ 1,372,765	\$ 1,294,937	\$ 1,169,065	\$ 1,108,449	\$ 1,414,141	\$ 1,332,820
Costs incurred related to sales of third-party maintenance, software assurance and subscription/SaaS licenses, and services	589,475	526,920	485,480	393,126	334,155	664,144	543,018
Adjusted gross billings	<u>\$ 1,918,995</u>	<u>\$ 1,899,685</u>	<u>\$ 1,780,417</u>	<u>\$ 1,562,191</u>	<u>\$ 1,442,604</u>	<u>\$ 2,078,285</u>	<u>\$ 1,875,838</u>
Net earnings	\$ 63,192	\$ 55,122	\$ 50,556	\$ 44,747	\$ 45,840	\$ 66,202	\$ 57,754
Provision for income taxes	23,038	28,769	35,556	31,004	32,473	25,619	22,132
Depreciation and amortization [2]	11,824	9,921	7,252	5,548	4,333	13,313	11,260
Share based compensation	7,244	6,464	6,025	5,711	4,585	7,760	6,845
Acquisition and integration expense	1,813	2,150	278	681	(114)	2,435	2,248
Other (income) expense [3]	(6,696)	348	(380)	-	(7,603)	(6,192)	59
Adjusted EBITDA	<u>\$ 100,415</u>	<u>\$ 102,774</u>	<u>\$ 99,287</u>	<u>\$ 87,691</u>	<u>\$ 79,514</u>	<u>\$ 109,137</u>	<u>\$ 100,298</u>
Adjusted EBITDA margin	<u>7.3%</u>	<u>7.2%</u>	<u>7.5%</u>	<u>7.3%</u>	<u>6.9%</u>	<u>7.5%</u>	<u>7.3%</u>

[1] Amounts for 2018 and 2017 have been adjusted to reflect the adoption of Accounting Standards Codification Topic 606, Revenue from Contracts with Customers.

[2] Amount excludes depreciation related to the financing segment.

[3] Other income, interest income, and foreign currency transaction gains and losses.

Non-GAAP Financial Information

\$ in thousands, except per share information

	Year Ended March 31,					TTM Ended September 30,	
	2019	2018	2017	2016	2015	2019	2018
GAAP: Earnings before tax	\$ 86,230	\$ 83,891	\$ 86,112	\$ 75,751	\$ 78,313	\$ 91,821	\$ 79,886
Share based compensation	7,244	6,464	6,025	5,711	4,585	7,760	6,845
Acquisition and integration expense	1,813	2,150	278	681	(114)	2,435	2,248
Acquisition related amortization expense [1]	7,423	5,978	4,000	2,917	1,888	8,472	7,154
Other (income) expense [2]	(6,696)	348	(380)	-	(7,603)	(6,192)	59
Non-GAAP: Earnings before taxes	96,014	98,831	96,035	85,060	77,069	104,296	96,192
GAAP: Provision for income taxes	23,038	28,769	35,556	31,004	32,473	25,619	22,132
Share based compensation	1,988	1,866	1,709	1,581	1,290	2,163	1,956
Acquisition and integration expense	522	621	79	188	(32)	712	643
Acquisition related amortization expense [1]	1,916	1,598	938	807	531	2,257	1,927
Other (income) expense [2]	(1,702)	101	(108)	-	(2,140)	(1,559)	20
Re-measurement of deferred taxes [3]	-	1,654	-	-	-	-	1,654
Adjustment to U.S. federal income tax rate to 21%	-	(7,635)	(11,650)	(10,040)	(10,431)	-	(1,121)
Tax benefit on restricted stock	672	1,444	514	-	-	48	672
Non-GAAP: Provision for income taxes	26,434	28,418	27,038	23,540	21,691	29,240	27,883
Non-GAAP: Net earnings	<u>\$ 69,580</u>	<u>\$ 70,413</u>	<u>\$ 68,997</u>	<u>\$ 61,520</u>	<u>\$ 55,378</u>	<u>\$ 75,056</u>	<u>\$ 68,309</u>
GAAP: Net earnings per common share – diluted	\$ 4.65	\$ 3.95	\$ 3.60	\$ 3.05	\$ 3.10	\$ 4.93	\$ 4.21
Share based compensation	0.38	0.33	0.31	0.28	0.22	0.41	0.36
Acquisition and integration expense	0.09	0.11	0.01	0.03	(0.01)	0.12	0.12
Acquisition related amortization expense [1]	0.40	0.32	0.22	0.14	0.09	0.46	0.38
Other (income) expense [2]	(0.35)	0.01	(0.02)	-	(0.37)	(0.35)	(0.01)
Re-measurement of deferred taxes [3]	-	(0.12)	-	-	-	-	(0.12)
Adjustment to U.S. federal income tax rate to 21%	-	0.54	0.84	0.69	0.72	-	0.08
Tax benefit on restricted stock	(0.05)	(0.10)	(0.04)	-	-	-	(0.05)
Total non-GAAP adjustments – net of tax	\$ 0.47	\$ 1.09	\$ 1.32	\$ 1.14	\$ 0.65	\$ 0.64	\$ 0.76
Non-GAAP: Net earnings per common share – diluted	<u>\$ 5.12</u>	<u>\$ 5.04</u>	<u>\$ 4.92</u>	<u>\$ 4.19</u>	<u>\$ 3.75</u>	<u>\$ 5.57</u>	<u>\$ 4.97</u>

[1] Amount consists of amortization of intangible assets from acquired businesses.

[2] Other income, interest income, and foreign currency transaction gains and losses.

[3] Tax expense for the re-measurement of U.S. deferred income tax assets and liabilities at 21% federal income tax rate for U.S. operations.

Non-GAAP Financial Information

\$ in thousands, except per share information

	Three Months Ended September 30,		Six Months Ended September 30,	
	2019	2018	2019	2018
Technology segment net sales	\$ 397,718	\$ 334,768	\$ 766,253	\$ 681,632
Costs incurred related to sales of third-party maintenance, software assurance and subscription/SaaS licenses, and services	181,366	151,088	361,194	286,525
Adjusted gross billings	<u>\$ 579,084</u>	<u>\$ 485,856</u>	<u>\$ 1,127,447</u>	<u>\$ 968,157</u>
Net earnings	\$ 20,098	\$ 18,003	\$ 36,286	\$ 33,276
Provision for income taxes	8,237	6,889	14,765	12,184
Depreciation and amortization [1]	3,557	2,741	7,020	5,531
Share based compensation	2,135	1,868	4,077	3,561
Acquisition and integration expense	1,338	701	1,739	1,117
Other (income) expense [2]	40	(322)	85	(419)
Adjusted EBITDA	<u>\$ 35,405</u>	<u>\$ 29,880</u>	<u>\$ 63,972</u>	<u>\$ 55,250</u>
Adjusted EBITDA margin	<u>8.6%</u>	<u>8.7%</u>	<u>8.1%</u>	<u>7.9%</u>
GAAP: Earnings before tax	\$ 28,335	\$ 24,892	\$ 51,051	\$ 45,460
Share based compensation	2,135	1,868	4,077	3,561
Acquisition and integration expense	1,338	701	1,739	1,117
Acquisition related amortization expense [3]	2,345	1,719	4,532	3,483
Other (income) expense [2]	40	(322)	85	(419)
Non-GAAP: Earnings before taxes	<u>34,193</u>	<u>28,858</u>	<u>61,484</u>	<u>53,202</u>
GAAP: Provision for income taxes	8,237	6,889	14,765	12,184
Share based compensation	624	525	1,183	1,008
Acquisition and integration expense	391	197	506	316
Acquisition related amortization expense [3]	663	455	1,270	929
Other (income) expense [2]	12	(90)	25	(118)
Tax benefit on restricted stock	38	103	48	672
Non-GAAP: Provision for income taxes	<u>9,965</u>	<u>8,079</u>	<u>17,797</u>	<u>14,991</u>
Non-GAAP: Net earnings	<u>\$ 24,228</u>	<u>\$ 20,779</u>	<u>\$ 43,687</u>	<u>\$ 38,211</u>
GAAP: Net earnings per common share – diluted	\$ 1.51	\$ 1.33	\$ 2.71	\$ 2.45
Share based compensation	0.11	0.10	0.22	0.19
Acquisition and integration expense	0.07	0.04	0.09	0.06
Acquisition related amortization expense [3]	0.12	0.09	0.24	0.19
Other (income) expense [2]	-	(0.02)	-	(0.03)
Tax benefit on restricted stock	-	(0.01)	-	(0.05)
Total non-GAAP adjustments – net of tax	<u>\$ 0.30</u>	<u>\$ 0.20</u>	<u>\$ 0.55</u>	<u>\$ 0.36</u>
Non-GAAP: Net earnings per common share – diluted	<u>\$ 1.81</u>	<u>\$ 1.53</u>	<u>\$ 3.26</u>	<u>\$ 2.81</u>

[1] Amount excludes depreciation related to the financing segment.

[2] Other income, interest income, and foreign currency transaction gains and losses.

[3] Amount consists of amortization of intangible assets from acquired businesses.

Return on Invested Capital

\$ in thousands

	Year Ended March 31,					TTM Ended September 30,	
	2019	2018	2017	2016	2015	2019	2018
<u>Numerator</u>							
Operating income	\$ 79,534	\$ 84,239	\$ 85,732	\$ 75,751	\$ 70,710	\$ 85,629	\$ 79,945
Less: Taxes [1]	(21,236)	(28,894)	(35,407)	(30,982)	(29,345)	(23,890)	(22,145)
Net operating profit after taxes	<u>\$ 58,298</u>	<u>\$ 55,345</u>	<u>\$ 50,325</u>	<u>\$ 44,769</u>	<u>\$ 41,365</u>	<u>\$ 61,739</u>	<u>\$ 57,800</u>
<u>Denominator</u>							
Recourse notes payable	\$ 28	\$ 1,343	\$ 908	\$ 3,342	\$ 3,690	\$ -	\$ -
Non-recourse notes payable	48,619	50,935	36,516	44,080	52,874	86,012	65,285
Total stockholders' equity	424,253	372,603	345,918	318,878	279,262	450,289	399,278
Total invested capital	<u>\$ 472,900</u>	<u>\$ 424,881</u>	<u>\$ 383,342</u>	<u>\$ 366,300</u>	<u>\$ 335,826</u>	<u>\$ 536,301</u>	<u>\$ 464,563</u>
Return on invested capital	<u>12.3%</u>	<u>13.0%</u>	<u>13.1%</u>	<u>12.2%</u>	<u>12.3%</u>	<u>11.5%</u>	<u>12.4%</u>

[1] Based on the effective income tax rates.

Investor Relations

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